

Bottled Water

Gross
Receipts
tax notice

The Department of Revenue recently discovered that some Tennessee bottlers, importers and/or manufacturers of soft drinks are excluding some taxable beverages from their bottlers tax returns. This notice is to clarify the taxability of bottled water.

Tenn. Code Ann. Section 67-4-402 imposes a 1.9% tax on manufacturers or importers of bottled soft drinks sold in this state. The statute defines bottled soft drinks to include:

“...any and all nonalcoholic beverages, whether carbonated or not, such as soda water, cola drinks, orangeade, grapeade, ginger ale and the like, and all bottled preparations commonly referred to as soft drinks of whatever kind or description which are closed and sealed in glass, paper, metal, plastic, or any type of container or bottle, whether manufactured with or without the use of syrup. Fluid milk with or without flavoring, natural undiluted fruit juice or vegetable juice, cider, and pure fruit

juice concentrate to which no additive has been made, with only water being necessary to be added to restore the juice to its natural state, are exempted from the provisions of this section.”

This definition includes bottled water, either 100% pure water or flavored water. The phrase “any and all nonalcoholic beverages” includes lemonade, soda water, mineral water, and pure water. Bottled water sold in a sealed container, no matter the size, is taxable under this statute.

Have questions or comments? Please let us know. Tennessee residents outside the Nashville calling area may call our statewide toll-free number at (800) 342-1003. Callers from Nashville or out of state may dial (615) 253-0600.

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